GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3583
ANSWERED ON:25.08.2006
NON-PERFORMING ASSETS
Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

(a) whether the Hon. Supreme Court has given direction to the Government to treat Rs.1,10,000 crore NP A with public financial institutions as priority area ;

(b) if so, the detailed instructions issued by Court in this regard ;

(c) whether the Government has chalked out a plan to reduce NP A load on the Government ;

(d) if so, the details thereof; and

(e) if not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b): During the course of hearing on 03.08.2006 in the matter of COnUnon Cause Vs Union of India & Another in Writ Petition (Civil) No. 291 of 1998. the Hon`ble Supreme Court observed that the purpose of the petitioner seems to be to strengthen the hands of the Public Sector Financial Institutions to tackle the problem of increasing non-performing assets.

(c)to(e) : Government of India and Reserve Bank of India have stipulated certain steps for expeditious recovery of NP As by public sector banks, which. inter-alia, include evolving and implementing a recovery policy by the banks, filing of suits in civil courts/DRTs, issue of notices under `The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARF AESI) Act, 2002, , compromise settlement, monitoring and follow up of NP As at various levels, etc. The Credit Information Companies (Regulation) Act, 2005 has been enacted to provide for regulation of credit information companies and to facilitate efficient distribution of credit thereby arresting fresh accretion of NP As. Credit Information Bureau (India) Ltd. has also been set up to disseminate information on borrowers to the banks. Due to concerted efforts, the gross Non-Performing Assets (NPAs) of the public sector banks (PSBs) have reduced from Rs.47.696 crore as on 31st March, 2005 to Rs. 41,378 crore as on 31st March, 2006.